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Maryland Department of Health and Mental Hygiene  
201 W. Preston Street • Baltimore, Maryland 21201

Robert L. Ehrlich, Jr., Governor – Michael S. Steele, Lt. Governor – Nelson J. Sabatini, Secretary

**MARYLAND MEDICAL ASSISTANCE PROGRAM**  
**Nursing Home Transmittal No. 183**

January 8, 2004

TO: Nursing Home Administrators  
*Susan J. Tucker*

FROM: Susan J. Tucker, Executive Director  
Office of Health Services

*Joseph E. Davis*  
Joseph E. Davis, Executive Director  
Office of Operations and Eligibility

**NOTE:** Please ensure that appropriate staff members in your organization are informed of the contents of this transmittal

**RE** Revised Interim Rates Effective January 1, 2004 and HIPAA Billing Compliance

Enclosed are revised interim rates for your facility. These rates are effective for the period January 1, 2004 through June 30, 2004. In addition, billing for Nursing Home Services must conform to HIPAA standards, effective April 17, 2004. Please note the section "HIPAA Billing Requirements" below.

Please check the provider number at the top of the enclosed rate letter to ensure that you have received the correct data. A copy of these rates should be furnished to your accountant or bookkeeper for setting up your accounts.

Rates reflect the content of amendments to reimbursement regulations that become effective January 1, 2004, the text of which was included in Nursing Home Transmittal No. 182, dated October 9, 2003. These amendments incorporate budget reductions approved by the Board of Public Works in July 2003.



## **HIPAA Billing Requirements**

Due to the mandates of the Health Insurance Portability and Accountability Act, (HIPAA), nursing home procedure codes will be replaced by revenue codes, effective April 1, 2004. **Prior to April 17, 2004, providers must bill as they do now, using procedure codes and the DHMH 263 form and electronic format. Effective April 17, 2004, providers will be using revenue codes and the UB92/837I format. The attached rate letter gives the translation of procedure codes to revenue codes. For dates of service prior to April 1, 2004, the revenue code and procedure code MUST be billed. As part of a contingency plan, we will consider allowing dates of service prior to April 1, 2004 to continue to be billed on the DHMH 263 form and electronic format.** The Department will mail detailed billing instructions to your attention in the near future.

For two services, Decubitus Ulcer Care and Medicaid Tube Feeding, the single procedure code will be replaced by two revenue codes, one for the nursing time associated with these procedures and one for supplies. Both revenue codes must be billed.

The revenue codes for Therapy Services are for ¼ hour treatments – referred to as **units**. Therefore, ¼ hour, ½ hour, ¾ hour and 1-hour treatments must be translated into the total ¼ hour units for the month.

### **II. Providers Electing Statewide Average Payment**

For those providers with less than 1,000 days of care to Maryland Medicaid recipients that elected not to submit a cost report and accept as payment the statewide average Medicaid nursing home payment for each day of care during Fiscal Year 2004 (COMAR 10.09.10.13N), the payment rate for the period January 1, 2004 through June 30, 2004 is \$168.63.

### **III. Occupancy Standard**

The occupancy standard applied to the administrative/routine, other patient care and capital cost centers remains at 90.5 percent.

### **IV. Nursing Service Cost Center**

Fiscal Year 2004 standard nursing service rates have not changed. However, due to the fact that profit in the nursing service cost center has been reduced from 4.5% to 4% nursing recovery amounts for some providers have increased. The attached rate letter indicates the amount of nursing recovery deducted from interim nursing rates. Providers can request a rate change if documentation of increased nursing costs will increase their reimbursement in the nursing service cost center by 2 percent or more. Any interim rate changes will become effective the first day of the month after the month during which the request is made.

V. Administrative/Routine Cost Center

Ceilings effective January 1, 2004 are lowered from 113 percent to 112 percent of the median day cost. The ceilings have changed as follows:

REGION	CEILING JULY -DEC	CEILING JAN - JUNE	PERCENT CHANGE
BALTIMORE	\$61.38	60.84	-0.88%
WASHINGTON	65.67	65.09	-0.88%
NON-METRO	55.56	55.07	-0.88%

The efficiency allowance in this cost center has decreased from 45 percent to 40 percent of the difference between the provider's cost and the ceiling, with a maximum efficiency payment of 10 percent of the ceiling.

VI. Other Patient Care Cost Center

Ceilings effective January 1, 2004 are lowered from 119 percent to 118 percent of the median day cost and have changed as follows:

REGION	CEILING JULY -DEC	CEILING JAN - JUNE	PERCENT CHANGE
BALTIMORE	\$12.99	12.88	-0.85%
WASHINGTON	13.54	13.42	-0.89%
NON-METRO	13.08	12.97	-0.84%

The efficiency allowance in this cost center remains at 25 percent of the difference between the provider's cost and the ceiling, with a maximum efficiency payment of 5 percent of the ceiling.

Therapy Services Cost Center

Physical, occupational and speech therapy rates have not changed

Capital Cost Center

Rates reflect the fact that the net capital value rental rate has been reduced from 8.37% to 7.57%, effective January 1, 2004.

Any questions regarding this transmittal or the attached rates should be directed to the Nursing Home Section of the Division of Long Term Care Services at (410) 767-1444.

SJT/seh  
Enclosures

cc: Nursing Home Liaison Committee